

## Message Text

CONFIDENTIAL

PAGE 01 NEW DE 06377 311800 Z

53

ACTION NEA-12

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CIAE-00 INR-10 NSAE-00 DODE-00 MC-02 OMB-01 TRSE-00

RSR-01 /088 W

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R 311730 Z MAY 73

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 4672

INFO AMCONSUL BOMBAY

AMEMBASSY PARIS

AMEMBASSY BEIRUT

C O N F I D E N T I A L NEW DELHI 6377

RCAA PARIS PASS DWOR

E. O. 11652: GDS

TAGS: BEXP, IN

SUBJECT: BOEING SALES EFFORT IN INDIA

SUMMARY. VISITING BOEING TEAM BRIEFED EMBASSY ON STATUS OF SALES EFFORT. THEY EXPECT TO SELL AIR INDIA ANOTHER 747 SHORTLY. INDIAN AIRLINES IS NONCOMMITAL ON IMPRESSION OF SOVIET TU-154, BUT REALIZES MAINTENANCE COULD POSE PROBLEM. NEXT BOEING STEP WILL BE PREDICATED ON CONTENT OF INDIAN AIRLINES RECOMMENDATION TO GOVERNMENT DUE IN JUNE. BOEING REP SOLICITED EMBASSY RECOMMENDATION TO EXIM BANK FOR 45-45-10 FINANCING OF INDIAN AIRLINES DEAL. END SUMMARY.

1. BOEING TEAM OF LES HONG, MIKE FITZGERALD, FNU ANDERSON, AND JEAN MANECKJI OF MANACKJI AVIATION, BOMBAY, CALLED AT EMBASSY MAY 29. IN CONVERSATION WITH DCM AND CIVAIR OFFICER, HONG REPORTED ON STATUS OF BOING SALES EFFORTS WITH AIR INDIA AND INDIAN AIRLINES. HE SAID BOEING EXPECTS TO CONCLUDE CONTRACT WITH AIR INDIA, EXT MONTH FOR SALE OF ONE 747 FOR DELIVERY DECEMBER 1974. AT INDIAN AIRLINES, CABRAL AND TEAM HAD JUST RETURNED FROM TU-154 STUDY TRIP IN SOVIET UNION. HONG SAID HE GOT LITTLE FEEDBACK  
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PAGE 02 NEW DE 06377 311800 Z

ON INDIAN ASSESSMENT OF SOVIET PLANE, BUT THAT TEAM SEEMED IMPRESSED BY PRODUCTION FACILITIES THEY WERE SHOWN. HONG SAID INDIANS TOLD HIM THAT SOVIET MAINTENANCE SYSTEM IS DIFFERENT FROM THAT EMPLOYED BY MOST COMMERCIAL CARRIERS IN THAT COML JE HS AND EVEN AIRCRAFT ARE RETURNED TO ORIGINAL MANUFACTURING PLANTS AT INTERVALS FOR MAINTENANCE INSTEAD OF AT IN- HOUSE AIRLINE FACILITIES. HONG CHARACTERIZED SYSTEM AS SIMILAR TO THAT EMHCOXND BY US MILITARY. HE SAID INDIANS WERE AWARE THAT THIS SYSTEM COULD PUT ANY SOVIET AIRCRAFT OF THEIRS ON PAR WITH UNITS OF AEROFLOT FLEET IN COMPETING FOR MAINTENANCE. THIS SYSTEM WOULD ALSO CREAT NEED FOR ADDITIONAL INVENTORY OF AIRCRAFT AND PARTS TO COVER PERIODS WHEN LATTER UNDERGOING FACTORY MAINTENANCE.

2. DISCUSSING AIRCRAFT PURCHASZIRECOMMENDATION WHICH INDIAN AIRLINES SCHEDULED TO FORWARD TO GOVERNMENT IN JUNE, HONG COM MENTED THAT MANY FACTORS, AS FOR EXAMPLE, DIFFERENCES OF OPINION IN BOARD OF DIRECTORS, COULD DELAY REPORT OM HE SAID BOEING' S STRATEGY IS TO WAIT TO SEE WHAT INDIAN AIRLINES RECOMMENDS. IF IT RECOOUENDS TR-154, BOEING PLANS TO OBJECT PRIVATELY AND PUBLICLY THAT THE AIRLINE STUDY FAILED TO INCLUDE BOEING 727 WHICH IS DIRECTLY COMPARABLE TO TU-15'8 AND WHICH HAS SUPERIOR ECONOMICS OF OPERATION. HE SAID EXPERIENCE OF EARLIER 737 DEAL SHOWS THAT DECISION COULD BOUNCE BACK AND FORTH BETWEEN AIRLINE AND GOVERNMENT FOR MONTHS OR YEARS BEFORE A CONTRACT IS SIGNED.

3. AKED WHAT EMBASSY CAN DO TO HELP, HONG SAID EMBASSY RECOHOENDA- TION THAT EXIM AGREE TO FIANANCING PACKAGE OF 45 PERCENT EXIM FUNDS, 45 PERCENT EXIM- GUARANTEED COMMERCIAL LOANS, AND 10 PERCENT DOWN PAYMENT INSTEAD OF 40-40-20 WOULD BE HELPFUL.

"" EMBASSY INCLINED TO AGREE THAT FINAL DECISION MIGHT WELL BE SOME MONTHS OFF. IFUPCOMING MONSOON IS GOOD, ATMOSPHERE OF RELIEF AND EXHILIRATION AT BRIGHTENING ECONOMIC PROSPECTS WOULD LIKELY SHORTEN DECISION. POOR MONSOON WOULD ALMOST CERTAINLY POSTPONE DECISION TO BUYING NON- ESSENTIALS. IN ANY EVENT, BOEING REP FITZGERALD PLANS TO RETURN TO INDIA IN JUNE TO BE ON HAND IN CASE INDIAN AIRLINES RECOMMENDATION TO CONFIDENTIAL

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PAGE 03 NEW DE 06377 311800 Z

GOVERNMENT IS SUBMITTED ON SCHEDULE.  
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